

INFORMATION REPORT  
**CONFIDENTIAL**

COUNTRY Germany (Russian Zone)  
SUBJECT Reorganization of Economic  
Administrations; Personnel Changes

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1. Dr. Skrzypczynski, though no longer enjoying the confidence of the  
Brandenburg still refuses to join the SED. He maintains contact with a  
number of outsiders, and a series of secret ZWI orders have become  
public knowledge. As a result, the Russians have transferred a  
number of his functions to Vice-President Dr. Richard Mischler.  
In addition, the Karlshorst Industrial Council has instituted a  
basic separation of reparations orders into two classes: economic  
and military. Contracts for armaments production will now be  
negotiated exclusively by the SMA. Heretofore the Central Adminis-  
tration of Industry has arranged for delivery of parts and for  
small scale production. Reparations orders in the economic  
category are to be handled by a section called "Reparations for  
Industrial Reconstruction" directly under Mischler. SMA super-  
vision over all reparations orders is to be maintained by Prof.  
Romberg, SMA liaison officer in the Central Administration of  
Industry.

2. Rumors that Skrzypczynski is on the way out have been current for  
months. In recent weeks Heinrich Rau, Minister of Economic  
Planning in Brandenburg, has been mentioned as a successor to  
him or to Jakob Boulanger, former vice-president. [redacted]  
[redacted] however, Rau is to become chairman of the  
Russian Zone Economic Commission. Bruno Leuschner, present acting  
head, would become Rau's deputy, but real control behind the scenes  
would be in the hands of Walter Ulbricht.

3. [redacted] Rau is leaving his post in Brandenburg and  
is being succeeded by Otto Falkenberg, who has been in charge of  
state-owned enterprises in Saxony. This change may well be a  
result of personal rivalry between Rau and Minister of the Interior  
Bernhard Bechler. [redacted] Bechler has  
used his influence with SMA to gain complete control of the Branden-  
burg administration in personnel matters. Bechler managed to have  
the Department for Agrarian Reform transferred from Rau's ministry  
to his own. Inasmuch as his ministry also includes the police,  
Bechler's position is practically unchallenged.

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CENTRAL INTELLIGENCE AGENCY

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[redacted] The choice  
 for permanent head of the Economic Commission is still open between  
 Bau and Fritz Selbmann of Saxony. The Section for Economic Affairs  
 which is the executive organ of the Commission, is to be expanded  
 from 120 to 300 persons. Serious difficulties are being encountered  
 in the search for SED members who possess the necessary technical  
 ability. The Section for Economic Affairs is to prepare all pro-  
 duction and distribution plans and to distribute all available raw  
 materials. If this section proves itself, the SMA is to be reduced.  
 The Central Administration of Industry is to be split into four  
 groups: metallurgy, heavy industry, light industry, basic industry.

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